

Message Text

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PAGE 01 QUITO 00375 161628Z

61

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07 INT-05

L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-01 FEA-01 /076 W

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R 161602Z JAN 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 4062

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 0375

E.O. 11652: GDS

TAGS: ENRG, EINV, EC

SUBJ: TEXACO-GULF PROBLEM

1. TEXACO VICE PRESIDENT MAX CRAWFORD CALLED ON CHARGE AND EMBOFF JANUARY 14. CHARGE GAVE HIM RUNDOWN ON CURRENT GENERAL STATE OF US/ECUADOREAN BILATERAL RELATIONS AND ASKED TO BE BROUGHT UP TO DATE ON HIS PROBLEM. CRAWFORD IS NOT EXACTLY DISCOURAGED BUT HE NONETHELESS BELIEVES THAT PAYMENT OF MONIES OWED BY THE GOE AND CONFIRMATION OF AN ACCEPTABLE TAX ARRANGEMENT ARE STILL SOME DISTANCE AWAY IN THE FUTURE. AS CRAWFORD TELLS IT, THE GOE DRAFT DECREE ACCEPTING THE OPEC LEVEL OF \$10.12 TAKE PER BARREL WILL, IF ISSUED, STILL NOT ANSWER THE QUESTION OF WHAT PRECISE TAXES ECUADOR WILL LEVY. CRAWFORD CLAIMED THAT A \$10.12 TAKE WOULD REQUIRE A REDUCTION IN PRESENT GOVERNMENT TAXES. (OTHER WELL PLACED SOURCES HAVE INDICATED THAT \$10.12 WOULD APPROXIMATELY FREEZE GOVERNMENT TAKE AT THE OCTOBER 1 LEVEL.)

2. CRAWFORD INDICATED THAT ALTHOUGH THE CONSORTIUM NEEDS A PROMPT RESOLUTION OF DEBT AND TAX PROBLEMS IN ORDER TO RESUME NORMAL OPERATIONS AND INVESTMENT, THESE ISSUES MIGHT DRAG ALONG FOR AS MUCH AS TWO MONTHS. MINNATRES HAS AGAIN PROMISED A PROMPT PAYMENT

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PAGE 02 QUITO 00375 161628Z

OF \$8 MILLION ON THE AMOUNT DUE FOR DOMESTIC USE CRUDE. BUT

CRAWFORD INDICATED HE IS MAKING NO HEADWAY WITH CEPE IN OBTAINING THE NEXT \$5 MILLION DUE ON ITS PURCHASE OF SHARES NOR ON ITS CONTRIBUTION TO THE OPERATING CAPITAL OF THE CONSORTIUM. BECAUSE OF ITS MARKETING DIFFICULTIES, CEPE HAS FEW IF ANY AVAILABLE FUNDS AND EVEN ARGUES THAT NON-PAYMENT IS A FIT RESPONSE TO TEXACO-GULF'S PAST REFUSALS TO LIFT CEPE'S CRUDE.

3. PRODUCTION IN THE CURRENT MONTH IS ERRATIC, HE SAID, FLUCTUATING BETWEEN 70,000 AND 180,000 BARRLES PER DAY DEPENDING UPON RATE OF MOVEMENT OF CRUDE, MOSTLY GOVERNMENT-OWNED FROM BULGING STORAGE TANKS.

HEMENWAY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, DEBT REPAYMENTS, EXPORT PRICES, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975QUITO00375
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750017-0856
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750146/aaaabokg.tel
Line Count: 73
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 08 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 SEP 2003 by ElyME>; APPROVED <09 SEP 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TEXACO-GULF PROBLEM
TAGS: ENRG, EINV, EC, TEXACO, GULF
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006